

Introduced by Senators Correa, Ackerman, Harman, Margett, and Wyland

(Coauthors: Assembly Members DeVore, Huff, Silva, Spitzer, and Tran)

February 22, 2007

An act to add Section 97.80 to the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 547, as introduced, Correa. Property tax revenue allocations.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.

This bill would, for the 2008–09 fiscal year and for each fiscal year thereafter, require the auditor of a qualified county, as defined, to

increase the total amount of ad valorem property tax revenue otherwise required to be allocated to that county by the county equity amount, as defined, and to commensurately reduce the total amount of ad valorem property tax revenue otherwise required to be allocated to school entities in the county, as specified. This bill would establish a \$20,000,000 limit on the total sum of county equity amounts statewide. This bill would require that the qualified counties that were allocated the lowest percentage of the total amount of ad valorem property tax revenue collected in those counties for the 2002–03 fiscal year first receive as much of their county equity amount as can be satisfied without exceeding the total statewide limit on these amounts, as specified. This bill also would state the intent of the Legislature that a qualified county dedicate the revenues the county receives under the bill to the construction, operations, and maintenance of new or existing adult criminal justice facilities, juvenile criminal justice facilities, or adult and juvenile criminal justice facilities.

By imposing new duties on local officials in the annual allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 97.80 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 97.80. (a) Notwithstanding any other provision of law, for the
- 4 2008–09 fiscal year and for each fiscal year thereafter, the auditor
- 5 of a qualified county shall do both of the following:
- 6 (1) Increase the total amount of ad valorem property tax revenue
- 7 that is otherwise required to be allocated to that county by the
- 8 county equity amount.
- 9 (2) (A) Decrease the total amount of ad valorem property tax
- 10 revenue that is otherwise required to be allocated to the county

1 Educational Revenue Augmentation Fund by the county equity
2 amount.

3 (B) If, for any fiscal year, there is not enough ad valorem
4 property tax revenue that is otherwise required to be allocated to
5 a county Educational Revenue Augmentation Fund for the auditor
6 to complete the allocation reduction required by subparagraph (A),
7 the auditor shall additionally reduce the total amount of ad valorem
8 property tax revenue that is otherwise required to be allocated to
9 all school districts in the county for that fiscal year by an amount
10 equal to the difference between the county equity amount and the
11 amount of ad valorem property tax revenue that is otherwise
12 required to be allocated to the county Educational Revenue
13 Augmentation Fund for that fiscal year. This reduction for each
14 school district in the county shall be the percentage share of the
15 total reduction that is equal to the proportion that the total amount
16 of ad valorem property tax revenue that is otherwise required to
17 be allocated to the school district bears to the total amount of ad
18 valorem property tax revenue that is otherwise required to be
19 allocated to all school districts in a county. For purposes of this
20 subparagraph, “school districts” do not include any districts that
21 are excess tax school entities, as defined in Section 95.

22 (C) Any reduction in the amount of ad valorem property tax
23 revenues deposited in the county’s Educational Revenue
24 Augmentation Fund as a result of subparagraph (A) shall be applied
25 exclusively to reduce the amounts that are allocated from that fund
26 to school districts and county offices of education, and shall not
27 be applied to reduce the amounts of ad valorem property tax
28 revenues that are otherwise required to be allocated from that fund
29 to community college districts.

30 (b) For purposes of this section, all of the following apply:

31 (1) The county equity amount of a qualified county shall be
32 determined in the following manner:

33 (A) A quotient shall be derived from the following fraction:

34 (i) The numerator is the difference between the following two
35 amounts:

36 (I) The total amount of ad valorem property tax revenue that
37 was collected statewide for the immediately preceding fiscal year.

38 (II) The total amount of ad valorem property tax revenue that
39 was collected statewide for the fiscal year that immediately
40 preceded the fiscal year described in subclause (I).

(ii) The denominator is the amount described in subclause (II) of clause (i).

(B) An amount equal to the total amount of ad valorem property tax revenue that was collected in the qualified county for the immediately preceding fiscal year shall be multiplied by the quotient determined under subparagraph (A).

(C) The amount determined under subparagraph (B) shall be subtracted from an amount equal to the difference between the following two amounts:

(i) The total amount of ad valorem property tax revenue that was collected in the qualified county for the immediately preceding fiscal year.

(ii) The total amount of ad valorem property tax revenue that was collected in the qualified county in the fiscal year that immediately preceded the fiscal year described in clause (i).

(D) (i) The amount determined under subparagraph (C) shall be divided by two to determine the county equity amount of a qualified county.

(ii) (I) Notwithstanding clause (i), the total statewide sum of county equity amounts shall not exceed twenty million dollars (\$20,000,000) for any fiscal year. On or before October 1 of each fiscal year, the Controller shall determine the county equity amount for each qualified county and shall notify the auditor of each of these counties of this amount.

(II) If the dollar amount described in subclause (I) is less than the total sum of county equity amounts statewide, each qualified county shall, in order from the lowest to highest percentage of countywide ad valorem property tax revenue allocated to the county for the 2002–03 fiscal year, be allocated as much of its county equity amount that can be satisfied without exceeding in total the statewide total limit described in subclause (I).

(2) “Qualified county” means a county for which both of the following are true:

(A) The percentage of countywide ad valorem property tax revenue that was collected in the county and that was allocated to the county for the 2002–03 fiscal year was less than the average statewide percentage of those revenues that were so collected and allocated in each county for that fiscal year.

(B) The percentage growth in countywide ad valorem property tax revenue for the immediately preceding fiscal year was greater

1 than the average statewide percentage growth in ad valorem
2 property tax revenue collected in each county for that fiscal year.

3 (c) For the 2008–09 fiscal year and for each fiscal year
4 thereafter, ad valorem property tax revenue allocations made
5 pursuant to Sections 96.1 and 96.5 shall not incorporate the
6 allocation adjustments made by this section.

7 SEC. 2. It is the intent of the Legislature that a qualified county
8 dedicate the revenues the county receives under this act to the
9 construction, operations, and maintenance of new or existing adult
10 criminal justice facilities, juvenile criminal justice facilities, or
11 adult and juvenile criminal justice facilities.

12 SEC. 3. No reimbursement is required by this act pursuant to
13 Section 6 of Article XIII B of the California Constitution because
14 this act provides for offsetting savings to local agencies or school
15 districts that result in no net costs to the local agencies or school
16 districts, within the meaning of Section 17556 of the Government
17 Code.